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WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

September 27, 1943

BUDGET DIVISION MEMORANDUM NO. 4

To: Regional Directors, Branch and Division Chiefs

From: James E. Hoofnagle, Chief, Budget Division

Subject: Use of Lend-Lease Funds for Administrative Expenses

During recent months numerous questions have been raised in the Regions and in Washington relative to the availability of the two categories of Lend-Lease funds allocated to this Administration for administrative expenses.

The two categories are carried as separate items in the Lend-Lease appropriation act and are accounted for separately. Funds under symbol 12-111/40029(38) are specifically earmarked in the appropriation act for administrative expenses, and are available for any and all Lend-Lease administrative purposes. Funds under symbol 12-111/40026(38.3).695 are carried in the same appropriation item as a commodity cost and are available only for operating expenses which are "directly related to the procurement process" under the Lend-Lease program.

After discussions with the Office of Lend-Lease Administration, the Office of Budget and Finance and the Bureau of the Budget, it has been administratively determined that the Lend-Lease work of the commodity branches in Washington and the Transportation and Warehousing Branch in Washington, the commodity divisions in the field, the Custody and Disposition Sections of the Transportation and Warehousing Divisions in the field, and Lend-Lease warehouse inspection work, are directly related to the procurement of agricultural commodities. Therefore, funds allotted under symbol 12-111/40026(38.3).695 may be used to pay the Lend-Lease administrative expenses of these organizational units.

Since funds available under symbol 12-111/40026(38.3).695 are even more limited than the funds available under 12-111/40029(38), the majority of allotments from 12-111/40026(38.3).695 to the Regions were made for Custody and Disposition activities only. However, since allotments to the Regions from both Lend-Lease categories are under the expenditure direction of the Regional Director, there is no legal or administrative hindrance to using 12-111/40026(38.3).695 funds for commodity division expenses and Lend-Lease warehouse inspection as well as custody and disposition operations per se, and any limitations imposed in the allotments to the Regions upon 12-111/40026(38.3).695 funds confining their use to the Custody and Disposition Sections are hereby waived. Similarly, funds allotted under 12-111/40029(38) may be used for any of these activities, including Custody and Disposition Sections.

In order to avoid multiple accounts it is preferable to finance a given organizational unit from a single fund. In most Regions, allotments from 12-111/40026(38.3).695 are insufficient to carry all costs of Lend-Lease

work in the commodity divisions, the Custody and Disposition Sections and the Lend-Lease warehouse inspectors. Under such circumstances Custody and Disposition Section personnel engaged in Lend-Lease work should be paid from 12-111/40026(38.5).695 before the other two groups are charged to this fund. Since 12-111/40029(38) is available for any Lend-Lease expenditure, this fund should be used to make up the balance needed to carry other Lend-Lease activities. In no case, however, should 12-111/40026 (38.3).695 funds be used to pay the Lend-Lease administrative expenses of the staff divisions, including Program Analysis and Appraisal, Marketing Reports and Compliance. Lend-Lease funds should only be used for administrative costs in the Nutrition and Food Conservation Division, Industry Operations Division and State offices when a major Lend-Lease function is being performed by these divisions or offices. It is expected that such charges will be very infrequent; if made, they should be paid under 12-111/40029(38) allotments. As you know, each proposed charge against any fund should be examined to see that the charge is to carry out activities for which the appropriation is made. In the case of Lend-Lease funds this general principle should be strictly applied.

James E. Hoofnagle

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